

Part I: Financial Results

The impact of foreign exchange fluctuations has been calculated by using the average US dollar, euro, and British pound foreign exchange rates for the third quarter and the first nine months of fiscal 2014 to translate the current period's revenue outside Japan into yen.

1. Explanation of Financial Results

1-1. Third Quarter

FY2015 Third-Quarter Financial Results

(Billions of yen)

	3Q FY2014 10/1/14- 12/31/14	3Q FY2015 10/1/15- 12/31/15	Change vs. 3Q FY2014	Change (%)
Revenue	1,171.5	1,166.9	-4.6	-0.4
Operating profit	33.1	14.0	-19.1	-57.6
[Expenses to transform business model]	[-]	※ [-17.6]	[-17.6]	-
[Operating profit margin]	[2.8%]	[1.2%]	[-1.6%]	
Financial income (expenses)	5.5	2.5	-2.9	-53.5
Income from investments accounted for using the equity method, net	2.0	3.3	1.2	62.4
Profit for the period before income taxes	40.7	19.9	-20.8	-51.0
Profit for the period attributable to owners of the parent	27.6	5.2	-22.3	-80.9

※ Expenses to enhance EMEIA business -17.6 Billion Yen

<Profit or Loss>

Consolidated revenue for the third quarter of fiscal 2015 was 1,166.9 billion yen, essentially unchanged from the third quarter of fiscal 2014. Revenue in Japan decreased 1.5%. Although revenue in Japan from system integration services increased, revenue from PCs and server-related products decreased. Revenue outside of Japan rose 1.2%. Revenue from the Mobilewear sub-segment increased. The ratio of revenue outside Japan was 42.7%, an increase of 0.7 of a percentage point compared to the same period in the prior fiscal year.

Fujitsu recorded an operating profit of 14.0 billion yen, down 19.1 billion yen from the third quarter of fiscal 2014. The decline was the result of recording 17.6 billion yen in business model transformation expenses (expenses for strengthening business fundamentals in the EMEIA region, such as expenses relating to the closure of a product development facility in Europe).

Net financial income was 2.5 billion yen, down 2.9 billion yen from the same period in fiscal 2014, when the company recorded a net gain on foreign exchange because of the sharp fall in the value of the yen.

As a result, the profit before income taxes was 19.9 billion yen, a decline of 20.8 billion yen from the third quarter of the previous fiscal year.

Profit for the period attributable to owners of the parent was 5.2 billion yen, down 22.3 billion yen from the third quarter of fiscal 2014.

FY2015 Third-Quarter Consolidated Business Segment Information

<Revenue* by Principal Products and Services>

(Billions of yen)

	3Q FY2014	3Q FY2015	Change vs. 3Q FY2014	
	(10/1/2014 ~ 12/31/2014)	(10/1/2015 ~ 12/31/2015)		Change(%)
Technology Solutions	802.7	800.3	-2.4	-0.3
Services	672.6	681.6	9.0	1.3
Solutions / SI	224.7	237.1	12.4	5.5
Infrastructure Services	447.9	444.5	-3.3	-0.8
System Platforms	130.1	118.6	-11.4	-8.8
System Products	67.2	56.8	-10.3	-15.4
Network Products	62.8	61.8	-1.0	-1.7
Ubiquitous Solutions	269.2	259.2	-10.0	-3.7
PCs / Mobile Phones	183.8	162.8	-21.0	-11.5
Mobilewear	85.3	96.4	11.0	13.0
Device Solutions	153.7	151.6	-2.0	-1.3
LSI**	81.3	78.2	-3.0	-3.8
Electronic Components	72.6	73.7	1.0	1.5

Notes:

* Revenue includes intersegment revenue.

** Revenue figures for LSI include intrasegment revenue to the electronic components segment.

*** "Other/Elimination and Corporate" includes Japan's next-generation supercomputer project; facility services and the development of information services for Fujitsu Group companies; and welfare benefits for Fujitsu Group employees, as well as strategic expenses such as basic research and joint costs associated with Group management conducted by the parent company.

<Revenue* and Operating Profit>

(Billions of yen)

		3Q FY2014	3Q FY2015	Change vs. 3Q FY2014	
		(10/1/2014 ~ 12/31/2014)	(10/1/2015 ~ 12/31/2015)		Change(%)
Technology Solutions	Revenue	802.7	800.3	-2.4	-0.3
	Japan	473.5	472.7	-0.8	-0.2
	Outside Japan	329.1	327.6	-1.5	-0.5
	Operating profit	44.6	34.9	-9.6	-21.6
	[Operating profit margin]	[5.6%]	[4.4%]	[-1.2%]	
Services	Revenue	672.6	681.6	9.0	1.3
	Japan	382.1	393.2	11.0	2.9
	Outside Japan	290.4	288.4	-2.0	-0.7
	Operating profit	44.4	40.2	-4.2	-9.5
	[Operating profit margin]	[6.6%]	[5.9%]	[-0.7%]	
System Platforms	Revenue	130.1	118.6	-11.4	-8.8
	Japan	91.4	79.5	-11.9	-13.1
	Outside Japan	38.6	39.1	0.4	1.2
	Operating profit	0.1	-5.2	-5.4	-
	[Operating profit margin]	[0.1%]	[-4.4%]	[-4.5%]	
Ubiquitous Solutions	Revenue	269.2	259.2	-10.0	-3.7
	Japan	175.1	164.7	-10.4	-5.9
	Outside Japan	94.0	94.4	0.3	0.4
	Operating profit	-1.2	-1.0	0.1	-
	[Operating profit margin]	[-0.4%]	[-0.4%]	[-%]	
Device Solutions	Revenue	153.7	151.6	-2.0	-1.3
	Japan	79.5	73.5	-5.9	-7.5
	Outside Japan	74.1	78.0	3.9	5.3
	Operating profit	14.5	5.7	-8.8	-60.4
	[Operating profit margin]	[9.5%]	[3.8%]	[-5.7%]	
Other/Elimination and Corporate***	Revenue	-54.1	-44.3	9.8	-
	Operating profit	-24.8	-25.6	-0.7	-
Total	Revenue	1,171.5	1,166.9	-4.6	-0.4
	Japan	679.6	669.1	-10.5	-1.5
	Outside Japan	491.9	497.8	5.9	1.2
	Operating profit	33.1	14.0	-19.1	-57.6
	[Operating profit margin]	[2.8%]	[1.2%]	[-1.6%]	

<Ratio of revenue outside Japan>

42.0%

42.7%

0.7%

Technology Solutions

Revenue in the Technology Solutions segment amounted to 800.3 billion yen, essentially unchanged from the third quarter of fiscal 2014. Revenue in and outside of Japan was also essentially unchanged. Revenue in the Services sub-segment in Japan rose due to growth in system integration services on higher investment by customers in the financial services sector and public sector. In the System Platforms sub-segment, however, revenue in Japan fell due to the impact of large-scale mainframe-related deals in previous fiscal year's third quarter. Revenue outside Japan was essentially unchanged for both the Services sub-segment and the System Platforms sub-segment.

The segment posted an operating profit of 34.9 billion yen, representing a decline of 9.6 billion yen compared to the same period in fiscal 2014. The decline was the result of recording 15.9 billion yen in business model transformation expenses (expenses for strengthening business fundamentals in the EMEA region, such as expenses relating to the closure of a product development facility in Europe). Excluding the expenses for business model transformation, despite the adverse impact of lower server-related revenue, the segment's operating profit rose because of cost efficiencies and the impact of higher Services revenue in Japan.

Ubiquitous Solutions

Revenue in the Ubiquitous Solutions segment was 259.2 billion yen, a decrease of 3.7% from the third quarter of fiscal 2014. Revenue in Japan fell by 5.9%. Although revenue from the Mobilewear sub-segment increased, revenue from PCs fell, primarily in enterprise PCs. Revenue outside Japan was essentially unchanged. Revenue from PCs in Europe fell, but revenue in the Mobilewear sub-segment rose, primarily in Europe and the US.

The Ubiquitous Solutions segment posted an operating loss of 1.0 billion yen, essentially unchanged from the same period in fiscal 2014. Higher procurement costs for US dollar-denominated components in Europe due to the continuing weakness of the euro against the US dollar adversely impacted results in PCs, and 1.6 billion yen in business model transformation expenses were also recorded, but these were largely offset by cost-saving measures.

Device Solutions

Revenue in the Device Solutions segment amounted to 151.6 billion yen, down 1.3% from the third quarter of fiscal 2014.

The segment posted an operating profit of 5.7 billion yen, down 8.8 billion yen from the third quarter of fiscal 2014. In addition to the impact of transferring the system LSI device business to an associate, operating profit declined because, in the third quarter of fiscal 2014, there was a gain on the sale of equipment stemming from the closure of a production line for LSI devices.

Other/Elimination and Corporate

This segment recorded an operating loss of 25.6 billion yen, representing a deterioration of 0.7 billion yen from the third quarter of fiscal 2014.

1-2. Nine Months

FY2015 Nine Months Financial Results

(Billions of yen)

	9 Months FY2014 4/1/14- 12/31/14	9 Months FY2015 4/1/15- 12/31/15	Change vs. 9 Months FY2014	Change (%)
Revenue	3,364.4	3,408.2	43.8	1.3
Operating profit	65.4	1.6	-63.8	-97.5
[Expenses to transform business model]	[-]	※ [-21.9]	[-21.9]	-
[Operating profit margin]	[1.9%]	[0.0%]	[-1.9%]	
Financial income (expenses)	12.5	0.9	-11.6	-92.8
Income from investments accounted for using the equity method, net	5.4	14.3	8.8	163.6
Profit for the period before income taxes	83.4	16.8	-66.5	-79.8
Profit for the period attributable to owners of the parent	51.7	-10.6	-62.3	-

※ Expenses to enhance EMEIA business -17.6 Billion Yen , Expenses to realign network business -4.2 Billion Yen

<Profit or Loss>

Consolidated revenue for the first nine months of fiscal 2015 was 3,408.2 billion yen, an increase of 1.3% compared to the same period in fiscal 2014. Revenue in Japan was essentially unchanged from the same period in fiscal 2014. Revenue from system integration services increased, but revenue from network products and PCs decreased. Revenue outside of Japan rose 3.8%. Revenue from network products and PCs declined, but overall revenue outside of Japan rose, benefiting from foreign exchange movements. The depreciation of the yen against the US dollar, primarily in the first half of the fiscal year, led to a revenue increase of about 65 billion yen in the first nine months of fiscal 2015 compared to the same period in fiscal 2014. The ratio of revenue outside Japan was 42.0%, an increase of 1.0 percentage point compared to the same period in the prior fiscal year.

Fujitsu recorded an operating profit of 1.6 billion yen, down 63.8 billion yen from the same period in fiscal 2014. In addition to the impact of lower revenues from network products and PCs, there was the negative impact of higher procurement costs in Europe for US dollar-denominated components stemming from the weakening of the euro against the US dollar. In addition, Fujitsu recorded 21.9 billion yen in business model transformation expenses (17.6 billion yen in expenses for strengthening business fundamentals in the EMEIA region, such as expenses relating to the closure of a product development facility in Europe, and 4.2 billion yen in expenses related to the relocation of employees and other costs in the network business in Japan).

Net financial income was 0.9 billion yen, down 11.6 billion yen from the same period in fiscal 2014, when the company recorded net gain on foreign exchange due to a sharp fall in the value of the yen.

Income from investments accounted for using the equity method, net, was 14.3 billion yen, an increase of 8.8 billion yen from the first nine months of fiscal 2014. Fujitsu's system LSI device design and development business was transferred to an associate (Socionext Inc., which commenced operations in March 2015, with a ratio of voting rights as follows: 40% Fujitsu, 20% Panasonic Corporation, and 40% Development Bank of Japan, Inc.). In addition, Fujitsu recorded a dilution gain from changes in equity interest stemming from an offering of shares of an associate on China's Shenzhen Stock Exchange.

As a result, income before income taxes was 16.8 billion yen, down 66.5 billion yen from the first nine months of the previous fiscal year.

The loss for the period attributable to owners of the parent was 10.6 billion yen, representing a deterioration of 62.3 billion yen from the first nine months of fiscal 2014.

FY2015 Nine Months Consolidated Business Segment Information

<Revenue* by Principal Products and Services>

(Billions of yen)

	9 Months FY2014	9 Months FY2015	Change vs. 9 Months FY2014	
	(4/1/2014 ~ 12/31/2014)	(4/1/2015 ~ 12/31/2015)		Change(%)
Technology Solutions	2,294.9	2,318.6	23.6	1.0
Services	1,901.6	1,972.7	71.0	3.7
Solutions / SI	648.7	701.4	52.6	8.1
Infrastructure Services	1,252.9	1,271.3	18.4	1.5
System Platforms	393.2	345.8	-47.3	-12.1
System Products	177.1	171.2	-5.8	-3.3
Network Products	216.0	174.5	-41.5	-19.2
Ubiquitous Solutions	783.1	764.3	-18.8	-2.4
PCs / Mobile Phones	529.6	477.8	-51.7	-9.8
Mobilewear	253.5	286.4	32.9	13.0
Device Solutions	434.1	463.7	29.6	6.8
LSI**	226.1	244.5	18.4	8.1
Electronic Components	209.0	220.3	11.3	5.4

Notes:

* Revenue includes intersegment revenue.

** Revenue figures for LSI include intrasegment revenue to the electronic components segment.

*** "Other/Elimination and Corporate" includes Japan's next-generation supercomputer project; facility services and the development of information services for Fujitsu Group companies; and welfare benefits for Fujitsu Group employees, as well as strategic expenses such as basic research and joint costs associated with Group management conducted by the parent company.

<Revenue* and Operating Profit>

(Billions of yen)

		9 Months FY2014	9 Months FY2015	Change vs. 9 Months FY2014	
		(4/1/2014 ~ 12/31/2014)	(4/1/2015 ~ 12/31/2015)		Change(%)
Technology Solutions	Revenue	2,294.9	2,318.6	23.6	1.0
	Japan	1,376.9	1,391.7	14.8	1.1
	Outside Japan	918.0	926.8	8.8	1.0
	Operating profit	95.3	67.2	-28.0	-29.4
	[Operating profit margin]	[4.2%]	[2.9%]	[-1.3%]	
Services	Revenue	1,901.6	1,972.7	71.0	3.7
	Japan	1,103.3	1,156.9	53.5	4.9
	Outside Japan	798.3	815.8	17.4	2.2
	Operating profit	92.8	84.6	-8.2	-8.9
	[Operating profit margin]	[4.9%]	[4.3%]	[-0.6%]	
System Platforms	Revenue	393.2	345.8	-47.3	-12.1
	Japan	273.5	234.7	-38.7	-14.2
	Outside Japan	119.6	111.0	-8.6	-7.2
	Operating profit	2.4	-17.3	-19.8	-
	[Operating profit margin]	[0.6%]	[-5.0%]	[-5.6%]	
Ubiquitous Solutions	Revenue	783.1	764.3	-18.8	-2.4
	Japan	517.7	489.8	-27.8	-5.4
	Outside Japan	265.4	274.4	8.9	3.4
	Operating profit	8.4	-13.3	-21.7	-
	[Operating profit margin]	[1.1%]	[-1.7%]	[-2.8%]	
Device Solutions	Revenue	434.1	463.7	29.6	6.8
	Japan	221.3	222.2	0.8	0.4
	Outside Japan	212.7	241.5	28.8	13.5
	Operating profit	24.5	24.3	-0.2	-0.9
	[Operating profit margin]	[5.7%]	[5.2%]	[-0.5%]	
Other/Elimination and Corporate***	Revenue	-147.7	-138.4	9.3	-
	Operating profit	-62.9	-76.6	-13.7	-
Total	Revenue	3,364.4	3,408.2	43.8	1.3
	Japan	1,985.3	1,976.6	-8.6	-0.4
	Outside Japan	1,379.0	1,431.5	52.4	3.8
	Operating profit	65.4	1.6	-63.8	-97.5
	[Operating profit margin]	[1.9%]	[0.0%]	[-1.9%]	

<Ratio of revenue outside Japan>

41.0%

42.0%

1.0%

Technology Solutions

Revenue in the Technology Solutions segment amounted to 2,318.6 billion yen, an increase of 1.0% from the first nine months of fiscal 2014. Revenue in Japan rose 1.1%. In the Services sub-segment, revenue from system integration services rose on higher investment by customers in the financial services and public sectors. Revenue from infrastructure services also continued to be solid. In the System Platforms sub-segment, however, revenue from mobile phone base stations and other network products declined due to continuing constraints on capital spending by customers. Revenue outside Japan increased 1.0%. In the Services sub-segment, the impact of yen devaluation compared to the first nine months of fiscal 2014 contributed to higher revenue. In the System Platforms sub-segment, however, revenue from optical transmissions systems in North America declined as investments by telecommunications carriers continued to be constrained in relevant segments of Fujitsu's business.

The segment posted an operating profit of 67.2 billion yen, down 28.0 billion yen compared to the same period in fiscal 2014. Despite the positive impact of higher revenue in the Services sub-segment in Japan, operating profit declined due to the effects of reduced revenue in network products, in addition to 20.2 billion yen in business model transformation expenses (15.9 billion yen in expenses for strengthening business fundamentals in the EMEIA region, such as the closure of a product development facility in Europe, and 4.2 billion yen in expenses related to the relocation of employees and other costs in the network business in Japan) which were recorded.

Ubiquitous Solutions

Revenue in the Ubiquitous Solutions segment was 764.3 billion yen, down 2.4% from the first nine months of fiscal 2014. Revenue in Japan was down by 5.4%. For PCs, revenue declined as the cycle of higher demand for upgrades resulting from the ending of support for an operating system had peaked in the first quarter of the prior fiscal year. Revenue outside Japan increased 3.4%. Although there was a decline in unit sales of PCs in Europe, revenue from the Mobilewear sub-segment increased, primarily in Europe and the US, and results also benefited from foreign exchange movements.

The Ubiquitous Solutions segment posted an operating loss of 13.3 billion yen, representing a deterioration of 21.7 billion yen compared to the same period in fiscal 2014. In addition to the negative impact of lower revenue from PCs and the impact of higher procurement costs for US dollar-denominated components in Europe due to the continuing weakness of the euro against the US dollar, 1.6 billion yen in business model transformation expenses were also recorded.

Device Solutions

Revenue in the Device Solutions segment amounted to 463.7 billion yen, up 6.8% from the first nine months of fiscal 2014. Revenue from both LSI devices and electronic components benefited from foreign exchange movements.

The segment posted an operating profit of 24.3 billion yen, down 0.2 billion yen from the first nine months of fiscal 2014. Despite the positive impact of the increase in the yen value of US dollar-denominated sales resulting from the continuing weakness in the value of the yen against the US dollar, operating profit declined on the impact of the transfer of the system LSI device business to an associate.

Other/Elimination and Corporate

This segment recorded an operating loss of 76.6 billion yen, representing a deterioration of 13.7 billion yen from the first nine months of fiscal 2014. The higher loss is attributable to greater strategic investments in such fields as next-generation clouds that perform as IoT* platforms, and future healthcare services.

*IoT (Internet of Things): A system in which not only PCs and servers, but a wide variety of things are connected to the internet and exchange information.